



NOTICE OF SPECIAL MEETING BOARD OF DIRECTORS (FINANCE)

Notice is hereby given that a Special Meeting of the Marin Municipal Water District's Board of Directors will be held as follows:

- MEETING DATE: Friday, September 20, 2019
TIME: 9:30 a.m.
LOCATION: 1) MMWD Board Room, 220 Nellen Ave., Corte Madera, CA 9492
2) JW Marriott Austin, 110 E. 2nd St. Main Ballroom, Austin, TX 78701 (Director Russell)

AGENDA

Table with 3 columns: ITEM, RECOMMENDATION, APPROX. START. Rows include: CALL TO ORDER (9:30 a.m.), ADOPT AGENDA (9:31 a.m.), PUBLIC EXPRESSION* (9:32 a.m.), CALENDAR, Minutes June 27, 2019 Special Board Meeting (Finance) (Approve, 9:37 a.m.), Monthly Financial Update (Discussion, 9:38 a.m.), Financial Policy Review (Discussion, 9:48 a.m.), Long Term Financial Plan (Discussion, 10:10 a.m.), FY2019 Year End Review (Information, 10:20 a.m.)

Handwritten signature of Stephanie Eichner-Gross, Board Secretary

MMWD BOARD OF DIRECTORS: Larry Bragman, Jack Gibson, Cynthia Koehler, Armando Quintero, Larry Russell

* Anyone wishing to speak on an item other than those listed on this agenda will be recognized at this time. We ask any person wishing to be heard to come to the podium to address the board and state your name and address for the public record. A 3-minute limit is customary; however the board chair may adjust the actual time allotted to accommodate the number of speakers.

ADA NOTICE AND HEARING IMPAIRED PROVISIONS: The board room is equipped with sound amplifying units for use by the hearing impaired. The units operate in conjunction with the room's sound system. You may request the personal sound amplifier from the Board Secretary for use during meetings.

In accordance with the Americans with Disabilities Act and California Law, it is the policy of the Marin Municipal Water District to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require a copy of a public hearing notice, an agenda, and/or agenda packet in an appropriate alternative format, or if you require other accommodation, please contact Stephanie Eichner-Gross at (415) 945-1448, at least two days in advance of the meeting. Advance notification within this guideline will enable the district to make reasonable arrangements to ensure accessibility.

INFORMATION PACKETS ARE AVAILABLE FOR REVIEW AT THE CIVIC CENTER LIBRARY, CORTE MADERA LIBRARY, FAIRFAX LIBRARY, MILL VALLEY LIBRARY, MMWD OFFICE AND MMWD WEBSITE (MARINWATER.ORG)

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FUTURE BOARD OF DIRECTORS MEETINGS:

Thursday, September 26, 2019, 9:30 a.m. (Operations)	MMWD Board Room
Tuesday, October 1, 2019, 7:30 p.m.	MMWD Board Room
Tuesday, October 15, 2019, 7:30 p.m.	MMWD Board Room
Friday, October 18, 2019, 9:30 a.m. (Operations)	MMWD Board Room
Thursday, October 24, 2019, 9:30 a.m. (Finance)	MMWD Board Room



**MARIN MUNICIPAL
WATER DISTRICT**

ITEM No. 1
MEETING DATE: September 20, 2019
MEETING: Board of Directors

STAFF REPORT

SUBJECT: Minutes of June 27, 2019 Board of Directors Meeting (Finance)

SUBMITTED BY: Cheryl Howlett, Finance Analyst, Administrative Services Division

RECOMMENDED ACTION: Approve

ATTACHMENT:

1. Minutes of June 27, 2019 Board of Directors Meeting (Finance)

**MARIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS (FINANCE)**

Minutes of the meeting of the Special meeting of the Board of Directors (Finance) held on Thursday, June 27, 2019 at 220 Nellen Avenue, Corte Madera, California.

Directors present: Cynthia Koehler, Jack Gibson, Larry Bragman, and Larry Russell (via teleconference)

Directors absent: Armando Quintero

CALL TO ORDER:

Director Koehler called the meeting to order at 9:34 a.m.

ADOPT AGENDA:

The Board adopted the agenda as presented by the following roll call vote:

Ayes: Directors Koehler, Gibson, Bragman and Russell

Noes: None

Absent: Director Quintero

Abstain: None

CALENDAR: Legal counsel requested to move Item No. 3 to Item No. 2.

PUBLIC EXPRESSION:

Larry Minikes spoke (at 00:01:07 of the meeting recording).

ITEM 1. MINUTES OF THE May 23, 2019

The minutes of the May 23, 2019 meeting were approved by the following roll vote:

Ayes: Directors Bragman, Gibson, Koehler, Russell

Noes: None

Absent: Director Quintero

Abstain: None

**ITEM 3. CAPITAL MAINTENANCE FEE PAYMENT (CMF) PLAN FOR LOCAL GOVERNMENT AGENCIES:
PROPOSED BOARD POLICY NO. 52**

Charlie Duggan, Administrative Services Division Manager/Treasurer (ASDM), proposed Board Policy No. 52, which allows local agencies to defer a maximum two years of the initial CMF payments, and establish a payment plan including interest for a term not to exceed five years.

Kevin Haroff spoke (at 00:14:37 of the meeting recording) pertaining to a June 26, 2019 letter from McNeill Law Offices, regarding Board Policy No. 52.

Larry Minikes spoke (at 00:17:07 of the meeting recording).

Legal Counsel, Mary Casey, responded to the McNeill Law Offices letter, advising the board there is no legal issue that would prevent the Board from moving ahead and adopting Board Policy No. 52.

Motion was made by Director Gibson to approve Board Policy No. 52, seconded by Director Bragman.

Ayes: Directors Bragman, Gibson, Koehler, Russell
Noes: None
Absent: Director Quintero
Abstain: None

ITEM 2. MONTHLY FINANCIAL UPDATE

Charlie Duggan, Administrative Services Division Manager/Treasurer (ASDM), presented the staff report and provided an overview of the financial summary for the month ending May 31, 2019.

ITEM 4. CAPITAL MAINTENANCE FEE REVENUE AND EXPENDITURE TRACKING

Charlie Duggan, Administrative Services Division Manager/Treasurer (ASDM), advised the board that the capital maintenance fee (CMF) would have a separate account for tracking expenditures and revenues, which will be reported on a monthly basis.

ADJOURNMENT

There being no further business, the meeting of June 27, 2019, was adjourned at 10:09 a.m.

President, Board of Directors

ATTEST:

Secretary



STAFF REPORT

SUBJECT: Monthly Financial Update
SUBMITTED BY: Charles Duggan Jr. Administrative Services Division Manager/Treasurer
Administrative Services Division
RECOMMENDED ACTION: Discussion

EXECUTIVE SUMMARY: The Monthly Financial Update for August 31, 2019

FISCAL IMPACT: YES No X **FISCAL YEAR:** 2019/20

BACKGROUND:

Water Sales and Consumption

Monthly

Water sales for the month of August 2019 were \$7,587,592 which is \$851,228 or 11% below the monthly budget. When compared to the prior year, water sales for August 2019 decreased by \$451,791 or were 6% below August 2018.

Billed water consumption (in CCFs) for August 2019 was 1,355,462 CCFs, which is 67,718 CCFs or 4.8% below the monthly budget. Compared to the prior year, billed water consumption for August 2019 decreased 58,066 CCFs or 4.1%.

Total meter service charges for the month of August 2019 were \$1,830,870 which is \$140,851 or 7% below budget. Compared to the prior year, meter service charges decreased by \$27,420 or 1.5%.

The Watershed Fee revenue for the month of August 2019 is \$417,852 or \$31,140 or 7% below budget and \$1,640 or 0.4% below August 2018.

The total water sales and fixed charges (Service and Watershed Fee) for the month of August 2019 were \$9,836,315 which is \$1,023,218 or 9.4% below budget and compared to August 2018, it is a decrease of \$480,850 or 4.7%.

Fiscal Year to Date

The fiscal year to date water sales through August 31, 2019 were, \$11,757,275, which is \$1,757,072 or 15% below budget. Compared to the same period last year, water sales through August 31, 2019 decreased by \$910,874 or 7.8%.

Billed water consumption (in CCFs), through August 31, 2019 was 2,154,392 CCFs, which is

138,931 CCFs or 6% below budget. Compared to the same period last year, billed water consumption through August 31, 2019 decreased by 119,471 CCFs or 5.6%.

Fiscal year to date, total water sales and fixed charges (service and Watershed Fee) through August 31, 2019 was \$15,600,966 when compared to the budget of \$17,631,959 is \$2,030,993 or 11.5% below budget. The 2018/19 water sales and fixed charges compared to prior fiscal year through August 31, 2018 of \$16,542,536 is a decrease of \$941,570 or 5.7%.

Budget to Actual Comparison – All Funds

Attached is the budget to actual comparison for fiscal year 2019/20 as of August 31, 2019. The budget to actual comparison is prepared by fund and includes revenues, expenditures and reserve balances.

As of August 31, 2019 the year to date net increase for the Operating Fund was \$2,979,382.

For the Operating Fund, total revenues as of August 31, 2019 are \$16.1 million or 19.1% of budget. Total operating expenditures of \$13.2 million, not including depreciation and amortization, is 15.7% of budget.

For the Capital and Fire Flow Funds, total revenues are \$1.8 million including the new CMF of \$1.1 million or 8.1% of budget. Spending on capital and fire flow projects at \$2.2 million is 10.2% of budget as of August 31, 2019.

The Watershed Fund as of August 31, 2019 reflects a surplus of \$313,778, mainly because the watershed capital projects have not started yet.

Fund Balances

Per the attached Reserve Balance Summary as of August 31, 2019, unrestricted / undesignated - operating reserves are \$20.3 million, or 2.9 months of annualized projected operating expenses for 2019/20.

STRATEGIC PLAN ALIGNMENT: The requested action aligns with the district’s Strategic Plan Goal 2: Financial Stewardship - Strategy 2 – ensure activities are transparent and reporting is accurate – Objective 3 – provide monthly reporting.

REVIEWED BY:	A.S.D. Manager/Treasurer	<input checked="" type="checkbox"/> NA <input type="checkbox"/>
	General Counsel	<input type="checkbox"/> NA <input checked="" type="checkbox"/>
	General Manager	<input checked="" type="checkbox"/> NA <input type="checkbox"/>

ATTACHMENTS:

1. Total Water Sales and Fixed Charges & Fees 2018/19 – 2019/20
2. Billed Water Consumption in CCFs FY 2010/11 – 2019/20
3. Budget to Actual Comparison for 2019/20 as of August 31, 2019
4. Reserve Balance Summary as of August 31, 2019
5. CIP Budget to Actual Comparison for 2019/20 as of August 31, 2019
6. Watershed Fund & Non-Rate Based Revenue as of August 31, 2019

**Total Water Sales and Fixed Charges & Fees
Fiscal Years 2018/19 - 2019/20**

Month	Fixed Charges											
	Water Sales			Service Charges			Watershed Fee			Total Water Sales and Fixed Charges		
	18/19 Actual	19/20 Budget	19/20 Actual	18/19 Actual	19/20 Budget	19/20 Actual	18/19 Actual	19/20 Budget	19/20 Actual	18/19 Actual	19/20 Budget	19/20 Actual
July	\$ 4,628,766	\$5,075,528	\$ 4,169,683	\$ 1,291,109	\$ 1,369,919	\$ 1,287,226	\$ 305,496	\$ 326,979	\$307,743	\$ 6,225,371	\$ 6,772,426	\$ 5,764,652
August	8,039,383	\$8,438,820	7,587,592	1,858,290	1,971,721	1,830,870	419,492	448,992	\$417,852	10,317,165	10,859,533	9,836,315
September	5,532,082	\$5,822,705		1,269,220	1,346,694		306,956	328,542		7,108,258	7,497,941	-
October	7,124,237	\$7,951,242		1,841,388	1,953,787		422,265	451,960		9,387,890	10,356,989	-
November	3,914,735	\$4,117,957		1,291,762	1,370,573		305,414	326,881		5,511,911	5,815,411	-
December	4,972,040	\$4,788,670		1,823,147	1,934,433		418,303	447,719		7,213,490	7,170,823	-
January	2,071,367	\$2,232,684		1,290,851	1,369,606		306,070	327,584		3,668,288	3,929,874	-
February	3,306,634	\$3,823,128		1,826,278	1,937,755		418,543	447,977		5,551,456	6,208,860	-
March	1,747,138	\$2,014,876		1,289,833	1,368,526		306,957	328,533		3,343,929	3,711,936	-
April	3,047,734	\$3,403,622		1,816,528	1,927,370		417,086	446,407		5,281,348	5,777,399	-
May	2,609,677	\$2,840,808		1,298,790	1,377,840		307,954	329,573		4,216,421	4,548,221	-
June	5,077,891	\$5,789,198	-	1,811,016	1,921,444	-	415,480	444,666	-	7,304,387	8,155,308	-
TOTAL	\$52,071,685	\$56,299,237	\$11,757,275	\$18,708,213	\$19,849,670	\$3,118,096	\$4,350,017	\$4,655,814	\$725,595	\$75,129,915	\$80,804,721	\$15,600,966

Original Budget-to-Actual Basis **-11.52%**
 Actual-to-Actual Basis **-5.69%**
 % of total budget received **19.31%**

**Billed Water Consumption In CCF's
Fiscal Year 2010/11 - 2019/20**

Month	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Actual	17/18 Actual	18/19 Actual	19/20 Budget	19/20 Actual	Monthly Budget Variance	Actual to Actual % Change
July	857,071	806,534	940,774	960,503	857,599	709,164	817,152	841,088	860,335	870,144	798,930	-8.18%	-7.14%
August	1,505,682	1,373,824	1,552,514	1,483,888	1,387,986	1,141,147	1,312,021	1,396,443	1,413,528	1,423,180	1,355,462	-4.76%	-4.11%
September	1,005,679	947,293	1,016,379	977,353	859,553	773,020	844,640	882,952	934,385	919,123			
October	1,431,554	1,326,605	1,377,982	1,400,285	1,209,902	1,125,237	1,205,260	1,367,665	1,285,253	1,330,988			
November	709,313	690,404	691,037	840,947	633,520	649,016	583,819	742,758	725,022	705,851			
December	777,015	865,208	832,615	1,059,733	864,257	842,995	716,927	833,949	944,610	859,225			
January	466,489	522,634	437,843	584,601	463,934	431,637	396,528	410,458	432,628	428,118			
February	707,803	809,417	731,899	869,459	719,107	631,478	606,381	763,871	664,283	700,675			
March	417,369	469,932	458,940	453,943	456,655	362,406	368,448	431,947	383,010	408,131			
April	714,398	730,127	878,103	708,756	832,060	639,191	598,740	702,023	621,690	663,017			
May	575,547	551,643	721,094	569,555	600,821	464,956	475,565	540,290	533,115	534,153			
June	1,118,447	1,215,077	1,377,068	1,150,742	1,020,910	1,079,197	1,052,513	1,095,760	1,023,236	1,096,239	-		
TOTAL	<u>10,286,367</u>	<u>10,308,698</u>	<u>11,016,248</u>	<u>11,059,765</u>	<u>9,906,304</u>	<u>8,849,444</u>	<u>8,977,994</u>	<u>10,009,204</u>	<u>9,821,095</u>	<u>9,938,843</u>	<u>2,154,392</u>		
		Budget-to-Actual Basis		<u>-6.06%</u>									
		Actual-to-Actual Basis		<u>-5.25%</u>									
		% of total budget		<u>21.68%</u>									

Marin Municipal Water District
Budget to Actual Comparison for 2019/20 - All Funds
Actual as of August 31, 2019
Unaudited

Revenues and Expenditures	2019/20 Adopted Budget	Actual as of August 31, 2019	% of Budget
Revenues:			
<i>Water Sales and Service Charge:</i>			
Water Sales	\$ 56,299,237	\$ 11,757,275	20.9%
Service Charge	19,849,670	3,118,096	15.7%
Watershed Management Fee	4,655,814	725,595	15.6%
Total Water Sales and Service Charge	<u>80,804,721</u>	<u>15,600,966</u>	19.3%
<i>Other Revenues:</i>			
Rents	740,000	109,945	14.9%
Watershed Rents	920,000	155,568	16.9%
Watershed Payments	420,000	73,638	17.5%
Late Payment and Special Read Charges	370,000	63,897	17.3%
Interest	257,270	80,570	31.3%
Miscellaneous	750,000	45,890	6.1%
Total Other Revenues	<u>3,457,270</u>	<u>529,507</u>	15.3%
 Total Operating Revenues	 <u>84,261,991</u>	 <u>16,130,473</u>	 19.1%
Expenditures:			
Personnel services	50,806,996	7,456,158	14.7%
Materials and supplies	2,791,646	475,161	17.0%
Operations	6,332,143	504,297	8.0%
Water conservation rebate program	554,500	10,720	1.9%
Electrical power	4,973,647	1,098,002	22.1%
Water purchased	7,400,000	1,387,247	18.7%
Insurance, including claims	1,170,000	824,391	70.5%
General and administrative	3,851,226	505,401	13.1%
Debt service - interest and principal	10,233,475	1,700,163	16.6%
Overhead cost allocated to capital	(4,500,000)	(810,449)	18.0%
Total Expenditures and Capital Purchases	<u>83,613,633</u>	<u>13,151,091</u>	15.7%
 Transfer out to Capital Fund (PayGo)	 <u>-</u>	 <u>-</u>	
 Net Operating Fund Increase(Decrease)	 <u>\$ 648,358</u>	 <u>\$ 2,979,382</u>	
Operating Reserves			
Opening Reserves	\$ 23,450,425	\$ 23,450,425	
Net Operating Fund Increase(Decrease)	-	2,979,382	
Accrual adjustments	-	(6,121,537)	
Ending Reserves	<u>\$ 23,450,425</u>	<u>\$ 20,308,270</u>	

Capital and Fire Flow Funds

Revenues and Expenditures	2019/20 Adopted Budget	Actual as of August 31, 2019	% of Budget
Revenues:			
Customer Reimbursement Project	\$ 654,209	\$ 85,537	13.1%
Interest Income	180,132	191,004	106.0%
Transfer-in from Operating (PayGo)	-	-	
Contributed Capital:			
Fire Flow	4,518,450	22,360	0.5%
Capital Maintenance Fee	16,500,000	1,104,209	6.7%
Capital Connection Fee	52,477	52,477	100.0%
Capital Grants & Contribution	597,000	362,013	60.6%
Total Revenues and Contributed Capital	<u>22,502,268</u>	<u>1,817,600</u>	8.1%
Capital Expenditures:			
Capital Projects - District	16,497,525	1,434,118	8.7%
Capital Projects - Fire Flow	4,500,000	777,914	17.3%
Capital equipment purchases	1,253,684	15,929	1.3%
Total Capital and Fire Flow Expenditures	<u>22,251,209</u>	<u>2,227,961</u>	10.0%
Net Capital and Fire Flow Fund Increase(Decrease)	<u>\$ 251,059</u>	<u>\$ (410,361)</u>	-163.5%
Capital Reserves			8.2%
Capital Fund			
Opening Reserves	\$ 24,342,559	\$ 24,342,559	
Net Capital Fund Increase(Decrease)	(15,246,316)	361,122	
Capital equipment purchases	(1,253,684)	(15,929)	
Accrual adjustments	-	(4,304,346)	
Ending Reserves	<u>\$ 7,842,559</u>	<u>\$ 20,383,406</u>	
Fire Flow Fund			
Opening Reserves	\$ (976,173)	\$ (976,173)	
Net Fire Flow Fund Increase(Decrease)	-	(755,555)	
Accrual adjustments	-	(49,046)	
Ending Reserves	<u>\$ (976,173)</u>	<u>\$ (1,780,774)</u>	

Reserve Balance Summary

	Actual		Prelim	Projected
	6/30/2017	6/30/2018	6/30/2019	8/31/2019
Restricted	\$ 7,723,634	\$ 6,443,970	\$ 2,343,374	\$ 2,603,597
Board Designated	9,847,168	10,425,446	9,072,150	10,129,801
Watershed Fund	35,425	114,515	114,515	428,292
Rate Stabilization Fund	8,000,000	9,400,000	9,400,000	9,400,000
Pension Reserve Fund	-	2,000,000	2,000,000	2,000,000
Fire Flow Fund	426,571	(1,973,265)	(976,173)	(1,780,774)
Capital (including bond proceeds)	1,610,857	37,040,971	24,342,559	20,383,406
Unrestricted/undesignated - Operating	<u>20,077,803</u>	<u>20,264,665</u>	<u>23,450,425</u>	<u>20,308,270</u>
Total	<u>\$ 47,721,458</u>	<u>\$ 83,716,302</u>	<u>\$ 69,746,850</u>	<u>\$ 63,472,592</u>

Months Reserve Unrestricted - Operating to Annualized Actual Expenditure

4.09 3.45 3.71 2.91

Debt Coverage Ratio

1.50 1.52 1.60 **2.80**

As of August 31, 2019	Principal	Interest	Total
2012 Bond	78,590,000.00	70,362,202.50	148,952,202.50
2016 Bond	31,380,000.00	24,365,225.00	55,745,225.00
2017 Bond	34,775,000.00	29,369,375.00	64,144,375.00
Total Bond Debt	144,745,000.00	124,096,802.50	268,841,802.50
MERA	20,349.89		20,349.89
CREB	489,000.00		489,000.00
AEEP	2,224,108.00	445,038.00	2,669,146.00
LGVSD	5,175,659.84	2,358,575.00	7,534,234.84
Total Other Debt	7,909,117.73	2,803,613.00	10,712,730.73
Total Outstanding Debt	<u>152,654,117.73</u>	<u>126,900,415.50</u>	<u>279,554,533.23</u>

Marin Municipal Water District
Budget to Actual Comparison for 2019/20 - Capital Fund
Actual as of August 31, 2019
Unaudited

CIP Projects	FY2019/20 Adjusted Budget	Capital Projects YTD Actual Expenditures As of 8/31/19	Encumbered for Contracts As of 8/31/19	Total Capital & Fire Flow As of 8/31/19
District Pipeline Replacement	\$ 3,375,000	\$ 885,878	\$ 1,385,107	\$ 2,270,984
Replacements - Tank Maintenance	\$ 2,170,000	\$ 2,086	\$ 4,806	\$ 6,892
Replacements - Treatment Plant	\$ 4,525,000	\$ 63,010	\$ 245,978	\$ 308,988
Replacements - Dam/Pump/Conduit	\$ 1,885,000	\$ 182,436	\$ 965,285	\$ 1,147,721
Fire Chief's Fund	\$ 150,000	\$ -	\$ -	\$ -
Program Management- Asset	\$ 300,000			\$ -
System Improvements	\$ 50,000	\$ 20,616	\$ -	\$ 20,616
Watershed - Minor Structures	45,000	-	6,481	\$ 6,481
Watershed - Ranger Residence	55,000	-	-	\$ -
Watershed - Road Repair & Improvements	1,240,000	59,048	219,079	\$ 278,127
Reimbursable Grant Projects	1,548,000	25,512	198,321	\$ 223,834
Reimbursable Customer Projects	\$ 654,209	\$ 182,992	\$ -	\$ 182,992
Information Technology - Capital	\$ 500,000	\$ 12,540	\$ 35,109	\$ 47,649
Fire Flow Replacement	\$ 4,500,000	\$ 777,914	\$ 238,463	\$ 1,016,378
Capital Equipment Purchases	\$ 1,254,000	\$ 15,929	\$ 42,192	\$ 58,121
Total Capital Projects	\$ 22,251,209	\$ 2,227,961	\$ 3,340,821	\$ 5,568,783

Marin Municipal Water District
Watershed & Other Non Rate Based Revenue and Expenditures
Actual as of August 31, 2019
Unaudited

Revenues and Expenditures	2019/20 Budget	Actual as of August 31, 2019	% of Budget
Watershed Revenues			
Watershed Management Fee	\$ 4,655,814	\$ 725,595	15.6%
Rent and Leases	920,000	155,568	16.9%
Permits, Parking and Passes	420,000	69,839	16.6%
Grants	-	362,013	
Other	-	3,025	
Total Watershed Revenues	<u>5,995,814</u>	<u>1,316,040</u>	21.9%
Expenditures - Operating and Capital			
Operating	5,483,552	776,702	14.2%
Capital Purchases & Projects	<u>1,378,504</u>	<u>225,560</u>	16.4%
Total Expenditures and Capital Purchases	<u>6,862,056</u>	<u>1,002,262</u>	14.6%
Surplus (Deficit)	(866,242)	313,778	-36.2%
Transfer from Operating & Capital Fund	<u>-</u>	<u>-</u>	
Net Surplus (Deficit)	<u><u>\$ (866,242.00)</u></u>	<u><u>\$ 313,778</u></u>	
Other Non-Water Revenue			
Rent and Leases - Non Watershed		<u>109,945</u>	
Total Non Rate Based Other Revenues		<u>109,945</u>	
Discount Program for Low Income & Medically Disabled			
Low Income - Fee waived		34,046	
Medically Disabled - Fee waived		<u>19,453</u>	
		<u>53,499</u>	
Net Surplus (Deficit)		<u><u>56,446</u></u>	



STAFF REPORT

SUBJECT: Financial Policy Review

SUBMITTED BY: Charles Duggan Jr. Administrative Services Division Manager/Treasurer
Administrative Services Division

RECOMMENDED ACTION: Discussion

EXECUTIVE SUMMARY:

Staff is undertaking an initiative to update Policies and Procedures District-wide. Many of these Policies and Procedures have not been updated in decades and are out of date with current industry standards. This staff report is addressing a subset of the Policies - those that deal with Financial matters of the District.

FISCAL IMPACT: YES **No** X **FISCAL YEAR:** 2019/20

BACKGROUND:

In many cases it has been quite a few years (and in some cases decades) since the District's financial policies have undergone a thorough review. And, since financial policies are central to a strategic, long-term approach to financial management, staff proposes a complete review of the District's current financial policies as well as adding policies in areas deemed advisable according to industry standards. This formal examination would take place during upcoming District Finance meetings with a goal of completing this review before the end of calendar year 2020.

The following Board Policies/financial guidelines currently exist:

- Board Policy 4 Disposal of Non-Watershed Real Property
- Board Policy 24 Competitive Bidding
- Board Policy 26 Conflict of Interest
- Board Policy 33 Investment Policy
- Board Policy 35 Watershed Fees and Funding
- Board Policy 45 Rate Review Policy
- Board Policy 46 Reserve Policy
- Board Policy 51 Debt Management Policy
- Board Policy 52 CMF Payment Plan
- Ordinance No. 441 Movable or Personal Property Belonging to the District
- Resolution 7867 OPEB Funding Policy

In addition to those listed above, staff will be exploring policies in the following areas (and any others identified during this review):

Budget Balancing

Capital Planning
Financial Reporting
Grants
Long-Range Financial Planning
Pension and OPEB Funding
Procurement
Stabilization Funds

By creating a complete set of policies, all fiscal management aspects of industry best practices will be addressed to include: financial planning, budgeting, accounting, reporting, debt management, reserves management, and rate making.

RECOMMENDATION:

Staff proposes to conduct a review of current financial policies and to bring to the Board recommendations for updating existing policies and also for implementing policies in areas not presently addressed.

STRATEGIC PLAN ALIGNMENT: The requested action aligns with the district’s Strategic Plan Goal 2: Financial Stewardship - Strategy 2 – ensure activities are transparent and reporting is accurate – Objective 3 – provide monthly reporting.

REVIEWED BY:	A.S.D. Manager/Treasurer	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
	General Counsel	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
	General Manager	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>

ATTACHMENTS: None



STAFF REPORT

SUBJECT: Long Term Financial Plan

SUBMITTED BY: Charles Duggan Jr. Administrative Services Division Manager/Treasurer
Administrative Services Division

RECOMMENDED ACTION: Discussion

EXECUTIVE SUMMARY: Long-term financial planning is essential for ongoing fiscal sustainability, providing consistent levels of service, and protecting ratepayers from volatility/substantial rate increases. Staff proposes issuing an RFP to contract with a financial advisory firm to develop a 10 year financial plan for the District.

BACKGROUND: Long-term financial planning is essential for ongoing fiscal sustainability, providing consistent levels of service, and protecting ratepayers from volatility/substantial rate increases. By combining financial forecasting with strategizing, future scenarios may be considered, options weighed, and challenges identified. The Government Finance Officers Association (GFOA) considers Long-Term Financial Planning a Best Practice for these following reasons and more:

Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables.

Long-term financial planning is the process of aligning financial capacity with long-term service objectives.

Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

Creating a plan stimulates discussion and engenders a long-range perspective for decision makers. It can be used as a tool to prevent financial challenges; it stimulates long-term and strategic thinking; it can give consensus on long-term financial direction; and it is useful for communications with internal and external stakeholders.

A long-term plan would address rising operating costs due to inflation while also projecting future revenue needs to address any capital maintenance requirements necessary to maintain District infrastructure. With the help of a qualified financial advisory firm enlisted to create a model that incorporates economic forecasting and project prioritization, the Board will be able to weigh the financial impact of selecting various options, compare and contrast their impacts, while also seeing the revenue levels necessary to accomplish each option.

For example, the District's current 10 year Capital Improvement Plan (CIP) has a number of projects listed with planned spending of approximately \$200 million. Yet, in addition to the CIP,

a number of unfunded projects and initiatives exist which have been discussed as being beneficial to the District and its ratepayers. Some of those include:

Full Scale Automated Meter Infrastructure (AMI)
Expanded Water Recycling
Administration Building major renovation/replacement
Water Taste and Odor improvements
Reducing Pension Liabilities through additional payments
Renewable Energy Projects
Distributed Infrastructure
Accelerated Draft Biodiversity, Fire, and Fuels Integrated Plan (**BFFIP**) Implementation
Distribution System upgrades (including Pine Mountain Tunnel)
Wildfire Task Force Identified Gaps
Watershed Infrastructure Improvements
Replacement of SAP software system when it reaches end of life support in 2025
Increase Pipeline annual replacement rate
Etc.

As stated above, a long-term financial plan would address prioritization of those projects and the funding options available to satisfy those needs.

RECOMMENDATION:

Staff proposes to release an RFP soliciting for firms skilled and experienced in creating 10 year, long-term financial plans. Once a suitable financial advisory firm is identified the Board will receive a detailed schedule for completing the plan.

STRATEGIC PLAN ALIGNMENT: The requested action aligns with the district’s Strategic Plan Goal 2: Financial Stewardship - Strategy 2 – ensure activities are transparent and reporting is accurate – Objective 3 – provide monthly reporting.

REVIEWED BY:	A.S.D. Manager/Treasurer	<input checked="" type="checkbox"/> NA <input type="checkbox"/>
	General Counsel	<input type="checkbox"/> NA <input checked="" type="checkbox"/>
	General Manager	<input checked="" type="checkbox"/> NA <input type="checkbox"/>

ATTACHMENTS: None



STAFF REPORT

SUBJECT: Fiscal Year 2019 Year End Review
SUBMITTED BY: Charles Duggan Jr. Administrative Services Division Manager/Treasurer
Administrative Services Division
RECOMMENDED ACTION: Information

EXECUTIVE SUMMARY: Preliminary financial revenue and expenditure totals for FY2019 along with a comparison of budget to actual performance and ending fund balance projections.

FISCAL IMPACT: YES NO X **FISCAL YEAR:** 2019/20

BACKGROUND:

REVENUES

Preliminary Revenue amounts for FY2019, as shown in Attachment 1, are Water Sales of \$75.1 million and \$2.6 million in Other Revenue combining for a total of \$79.1 million in Operating Revenues. This amount is \$1.1 million higher than budgeted.

Preliminary Capital and Fire Flow Revenues total \$6.9 million which is \$5.7 million less than budgeted. However, when adjusting for budgeted grants and loans that were not realized, the Capital and Fire Flow actual total is \$483.8 thousand less than budget. This is primarily the result of lower than expected Connection Charges.

Overall, adjusted revenue totals (compensating for grants and loans) are \$85.0 million which is \$833.8 thousand, or 1%, higher than budget.

Expenditures

Preliminary Operating Expenditure amounts for FY2019, as shown in Attachment 2, are \$75.9 million which is \$213.8 thousand lower than budget. Personnel Service actuals were lower than budget by \$1.3 million mainly due to vacancies, retirements and newer employees beginning at the lower end of the pay scale. This amount was offset by \$1.9 million in lower allocation for capital (capitalized labor) due to the changes made in the Capital Improvement Plan.

Fund Balance

Changes in Fund Balances appear in Attachment 3. Preliminary totals show the Operating Fund Balance increasing by \$3.2 million. The total Ending Balance is \$23.5 million equaling 31% of FY2019 expenditures or four months of operating funds which two months shy of the District’s policy goal of six months.

The preliminary Ending Balance for the Capital Fund is \$24.3 million or \$12.7 million less than the start of FY2019.

The Fire Flow fund continues to remain negative until the end of this fiscal year and this year's remittance from Marin County is fully received.

STRATEGIC PLAN ALIGNMENT: The requested action aligns with the district's Strategic Plan Goal 2: Financial Stewardship - Strategy 2 – ensure activities are transparent and reporting is accurate – Objective 3 – provide monthly reporting.

REVIEWED BY: A.S.D. Manager/Treasurer NA
 General Counsel NA
 General Manager NA

ATTACHMENTS: Attachment 1 Comparative Revenues
 Attachment 2 FY2019 Operating Expenditures
 Attachment 3 Fund Balance

MARIN MUNICIPAL WATER DISTRICT
Comparative Revenues - Preliminary
Operating, Capital and Fire Flow Funds
Year Ending June 30, 2019

	Budget 2019	Actual - Prelim 2019	Difference	% of Budget
Operating Fund				
Rate Revenue:				
Water Sales	52,214,248	52,074,572	(139,676)	99.7%
Service Charge	17,912,475	18,708,397	795,922	104.4%
Watershed Protection Fee	4,235,621	4,350,066	114,445	102.7%
Total Water Sales	74,362,344	75,133,035	770,691	101.0%
Other Revenues:				
Rents	740,000	653,154	(86,846)	88.3%
Grants	250,000	12,154	(237,846)	4.9%
Watershed Rents	920,000	929,758	9,758	101.1%
Watershed Payments	420,000	371,983	(48,017)	88.6%
Late Payment & Special Charge	370,000	330,769	(39,231)	89.4%
Miscellaneous	750,000	304,049	(445,951)	40.5%
Total Other Revenues	3,450,000	2,601,867	(848,133)	75.4%
Interest Revenue	250,000	1,407,271	1,157,271	562.9%
Total Operating Fund	78,062,344	79,142,173	1,079,829	101.4%
Capital and Fire Flow Funds				
Other Revenues:				
Connection Charges	1,865,000	1,178,784	(686,216)	63.2%
Interest Income	15,000	191,004	176,004	1273.4%
Total Other Revenues	1,880,000	1,369,788	(510,212)	72.9%
Contributed Capital:				
Fire Flow	4,500,000	4,526,384	26,384	100.6%
Capital Grants & Other	6,218,000	973,337	(5,244,663)	15.7%
Total Contributed Capital	10,718,000	5,499,721	(5,218,279)	51.3%
Total Capital and Fire Flow Funds	12,598,000	6,869,509	(5,728,491)	54.5%
Total Revenues	90,660,344	86,011,682	(4,648,662)	94.9%

Marin Municipal Water District
FY2019 Operating Expenditures
Budget to Actual - Preliminary
Year Ending June 30, 2019

	Budget	Actual- Prelim	Difference	% of Budget
	2019	2019		
Personnel Service	48,119,548	46,786,767	(1,332,781)	97.2%
Materials & Supplies	2,434,084	2,376,407	(57,677)	97.6%
Operations	6,360,496	5,936,037	(424,459)	93.3%
Water Conservation Rebate Program	599,500	120,394	(479,106)	20.1%
Electrical Power	4,000,361	4,014,233	13,872	100.3%
Water Purchased	6,674,509	6,966,684	292,175	104.4%
Insurance including Claims	1,260,000	1,357,767	97,767	107.8%
General & Admin	3,020,799	2,733,875	(286,924)	90.5%
Debt Service	10,200,976	10,200,976	-	100.0%
Allocation to Capital	(6,500,000)	(4,536,728)	1,963,272	69.8%
	76,170,273	75,956,412	(213,861)	99.7%

MARIN MUNICIPAL WATER DISTRICT
Fund Balance - Preliminary
Year Ending June 30, 2019

Operating Fund	Preliminary 2019
Beginning Balance	\$ 20,264,665
Total Revenue	79,142,173
Total Available Funds	99,406,838
Less Operating Expenses	(75,956,413)
Less Transfer to Capital	
Less Transfer to Rate Stabilization	
Less Transfer to Pension Reserve	
Accrual adjustments	-
Ending Balance	\$ 23,450,425

Capital Fund	Preliminary 2019
Beginning Balance	\$ 37,040,971
Total Revenue	2,343,125
Total Available Funds	39,384,096
Less Capital Improvements	(14,187,035)
Less Capital Purchase	(854,502)
Add Transfer from Operating	-
Add Proceeds from Loans/Bonds	
Accrual adjustments	
Ending Balance	\$ 24,342,559

Fire Flow Fund	Preliminary 2019
Beginning Balance	\$ (1,973,265)
Total Revenue	4,526,384
Total Available Funds	2,553,119
Less Fire Flow Projects	(3,529,292)
Ending Balance	\$ (976,173)